

September 11, 2007

Mr. Paul Clark, President  
New Castle County Council  
City/County Bldg.  
800 North French Street – 8<sup>th</sup> Floor  
Wilmington, DE 19801

RE: NCC Real Property Tax Exemption (Ordinance 07-114)

Dear Mr. Clark:

The State Council for Persons with Disabilities (SCPD) has reviewed Ordinance No. 07-114, which would revise the current exemptions from real estate taxes for seniors and individuals with disabilities in New Castle County. It would also affect sewer bills for seniors and individuals with disabilities.

As background, the Delaware Code [Title 16 Del.C. §§8131-8141] requires counties to grant an exemption of \$5,000 to seniors with incomes up to \$3,000 (\$6,000 for couple). These statutes are very old and these amounts were adopted in the 1970s.

Over the years New Castle County has maintained a property exemption program which exceeds the State standards. The current ordinances (attached) reflect the following standards:

	Income Cap (excludes Social Security & RR Retirement)	Property Tax Assessed Value Exemption	Cap on “Expensive” Real Property
Elderly	\$50,000 individual \$50,000 couple	\$50,000	None
Persons with Disability	\$40,000 individual \$40,000 couple	\$40,000	None

According to the attached August 7, 2007 News Journal article, the income cap for the elderly was increased in 2004 from \$40,000 to \$50,000. Both Kent and Sussex Counties also maintain tax exemptions for the elderly and persons with disabilities. However, they are less generous. For example, consistent with the above article, Kent County exempts \$25,000 in assessed value

for the elderly and persons with disabilities with income caps (exclusive of Social Security and RR Retirement) of \$12,700 (individual) and \$25,000 (couple). While Sussex County tax exemptions also appear less generous, reasonable minds may differ since property taxes are lower than Kent County and three times lower than New Castle County (see attached February 14, 2005 letter).

The new ordinance, and the article, recite that persons currently qualifying for the above exemptions would be unaffected, i.e. grandfathered. For new applicants, the following standards would apply:

	Income Cap (excludes Social Security & RR Retirement)	Property Tax Assessed Value Exemption	Cap on “Expensive” Real Property
Elderly	\$22,500 individual \$27,500 couple	\$32,000	\$125,000 Assessment (equates to \$400,000 market value per article)
Persons with Disability	\$22,500 individual \$27,500 couple	\$32,000	\$125,000 Assessment (equates to \$400,000 market value per article)

The above income caps are higher than those originally proposed. The article refers to \$15,000 (individual) and \$19,000 (couple) income caps.

Sewer bills would also be affected. The current ordinance would “grandfather” the elderly and persons with disabilities qualifying for the property tax exemption to “a fee adopted by ordinance”. See Ordinance 07-114, Section 3, Par. F. According to the article, this is currently a flat fee of \$36.00 annually. For persons qualifying for the property tax exemption in 2008 forward, the sewer fee would be 50% of total charges or the minimum bill, whichever is greater. See Ordinance 07-114, Section 3, Par. G.

SCPD has the following observations.

First, SCPD endorses the “grandfather” provision. The elderly and persons with disabilities are often on fixed incomes who have grown to reasonably rely on the current exemptions.

Second, the new ordinance restores equity by adopting the same standards for the elderly and persons with disabilities. This equity had been displaced by the 2004 ordinance. This restoration merits endorsement.

Third, it should be recognized that the property tax exemption for persons with disabilities is particularly beneficial to minorities. See Jack Markell, Delaware State Treasurer, “Delaware Facing Forward: A Look at Delaware’s Demographic Future” (2007). (available at [www.Treasurer.Delaware.gov](http://www.Treasurer.Delaware.gov)). The report notes that minorities are significantly

overrepresented among persons with disabilities:

Delaware's increasing proportion of racial and ethnic minorities, particularly African Americans and Hispanics, will have effects on the state's health care system. African Americans in Delaware are more likely than whites to experience adverse health outcomes as infants and children ...and as senior citizens (such as heart disease, cancer, stroke, and diabetes). ...The increased incidence of chronic diseases may be one reason why African Americans require home health and nursing home care at earlier ages than whites. And African Americans are more than three times as likely as whites to be hospitalized. ...Delaware African Americans are three times more likely than whites to be enrolled in the Medicaid program...

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Fourth, the income caps (\$22,500 individual; \$27,500 couple) should be placed in perspective. Consistent with the attachment, a couple qualifying as elderly or disabled with \$22,596 (\$1,883 monthly) in annual income is in such financial distress as to qualify for Food Stamps. Likewise, the State recognizes the financial straits of the elderly and Social Security disability beneficiaries by providing prescription drug benefits to single individuals with income of \$20,424 (200% of the Federal Poverty level). See Title 16 Del.C. §3004B. It would be preferable to adopt caps which do not exclude individuals and couples with marginal income. It would also be preferable to establish an inflationary index so the cap keeps pace with inflation. To fulfill both considerations, the County should favorably consider adoption of a 250% of the Federal Poverty level standard. This would equate to \$25,530 (individual) and \$34,230 (couple).

Thank you for your consideration and please contact SCPD if you have any questions regarding our observations on the proposed Ordinance.

Sincerely,

Daniese McMullin-Powell, Chair  
State Council for Persons with Disabilities

cc: New Castle County Council Members  
Mr. Christopher Coons  
AARP  
Governor's Advisory Council for Exceptional Citizens  
Developmental Disabilities Council

P&I/ncc ordinance tax exemptions 9-07